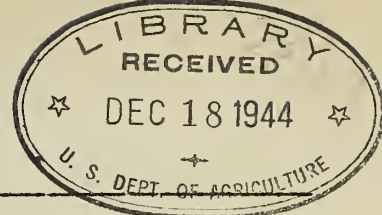


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UNITED STATES DEPARTMENT OF AGRICULTURE
Surplus Marketing Administration



No. 10

SMA "WAR BOARD" LETTER

Wash., D.C., Feb. 20, 1942

MISINTERPRETATION of provisions of the tomato and pea canning program regarding growers' prices apparently exists among farmers in some areas and should be cleared up. Representatives of SMA Fruit and Vegetable Division on field trips have found impression among growers that program provides them with "guaranteed" price for all tomatoes they produce. This may have serious repercussions later, particularly in "open market" States, where there is not much contract selling. FACTS: Individual grower's assurance of price he will receive in 1942 under program depends entirely upon his contract with his canner. There is NO guarantee of prices or returns by the USDA to individual growers under program. Program is based on contracts between canners and growers, and growers are encouraged to plant 1942 acreage only under contract to certified canners. Department will purchase canned tomatoes and peas at announced support prices only from those canners certified by WB's as having agreed to pay growers by contract at least the minimum fair prices applying to their locality. While this provides for establishment of fair prices to growers, returns to individuals will depend not only upon their contracts with certified canners, but also upon the quality of their production. Where grower prices are on a graded basis and quality of crop of a particular grower is relatively poor, that grower cannot expect to receive average returns equal to the minimum established for his particular area; at the same time a grower of an exceptionally good crop may expect to receive per unit returns relatively higher than the established minimum. Farmers should be warned there will be no purchases of fresh tomatoes. ANOTHER PROBLEM requiring careful study, particularly in mid-southwest, is non-commercial canning. It appears that in some localities growers are planning to can their own tomatoes utilizing home equipment only. Question has arisen whether these canneries will be able to offer a satisfactory commercial pack and in such volume that their output would be eligible for Govt. purchase, which is made only after Federal inspection and in not less than carload lots. (Enclosed is copy of Q&A explanation of vegetable canning program worked out by AAA and SMA.)

INCREASED CONSUMPTION OF CHICKENS, particularly broilers, should be encouraged as much as possible, USDA poultry experts believe. At present broilers (chickens up to 3 lbs. live weight) are an excellent buy. Price is not up much compared with last year and they are actually cheaper than fryers, roasters or hens. Price of chickens is in excellent competitive situation with respect to price of other meats. Chicken situation expected to become more of a problem this fall. USDA survey on Feb. 1 indicated that farmers intend to buy considerably more chicks this year than last year when all previous records were broken for number of chicks hatched in US. This effort to increase egg production, encouraged by present high egg prices, will mean larger supplies of meat birds than have heretofore existed during fall marketing season. Drive for consumption should be continued to keep supplies from becoming overwhelming this fall.

MARKET SUPPORT PROGRAM for Southern egg producers will be announced soon. Outgrowth of recent Southern Marketing Conference here, program would provide price support for producers increasing production in war drive through SMA purchases at refrigerated public warehouses in South. Designated public refrigerated warehouses in various localities within States would purchase eggs from vendors at announced prices, based on 85 percent of parity in each State, on designated days each week. Federal-State inspectors would be available at warehouses on

purchase days to grade eggs. Purchases will be made by warehouses in lots of NOT LESS THAN 10 CASES from farmers, groups of farmers, co-ops, small dealers or storekeepers. Eggs purchased will be assembled and stored at the warehouses for SMA distribution to public aid families, school lunches, Lend-Lease or Red Cross or be used for stabilization reserves. States selected for operation of program are: Virginia, West Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Arkansas, Louisiana and Florida. (These States have special egg marketing problem; limited or no egg drying facilities.) Warehouses in these States to be asked for offers for their services in buying, assembling, distributing as directed, or storing the eggs. Plan was developed by a committee representing States affected and SMA Poultry Division. It is felt that proposed plan will be important to Southern egg producers because it will bring market and price benefits closer to the farmer. At same time it extends basic principal of purchase program recently placed in operation to support farm price of eggs at least at 85 percent of parity through establishment of minimum purchase prices on New York and Chicago Mercantile Exchanges. Plan particularly important during flush production period from now through May.

IRISH POTATO STARCH DIVERSION PROGRAM in Maine has slowed down. Deliveries of potatoes continue at rate equal to about 60 percent of deliveries during 1940-41 season. Chief reason for reduction is satisfactory current level of potato prices. US average price on Jan. 15 was 97.6 cents per bushel. With prices at this level, total of the diversion payment and factory payment, of 90 cents per bbl., is relatively unattractive. Meanwhile, a price support program for potatoes, in line with Secretary Wickard's proclamation of Jan. 16, is being worked out.

SWEETPOTATO STARCH DIVERSION PROGRAM at Laurel, Mississippi, will not be repeated this year, according to present plans. The 1941-42 program was completed recently with a season's run of 161,238 bushels producing about 1,612,000 lbs. starch. High price of sweetpotato starch should permit the plant to pay 35 cents per bushel for sweetpotatoes with no added subsidy payments, it is felt.

PORK OFF FOOD STAMP LIST for March. (See para. 3, WB Letter of Feb. 14.) Otherwise list same as this month. Announcement of change not to be made until Feb. 26.

FOR YOUR INFORMATION ONLY: Up for consideration are purchases of canned apricots, peaches, pears, prunes and peas; increased purchases fresh apples and purchases fresh cabbage in Calif., Ariz., Texas and other Southern States.

PURCHASES OF PORK PRODUCTS AND EVAPORATED MILK continue high. On Feb. 20 SMA bought 810,450 cases evaporated milk, 7,631,000 lbs. canned pork, 1,440,000 lbs. cured pork and 10,396,032 lbs. lard. Purchases of evaporated milk in January totalled 4,406,245 cases. Since beginning of L-L buying last March, purchases thru Jan. 31 totalled over 24,000,000 cases.

CORRECTION: The purchase announcements for future delivery orders of canned tomatoes and peas have been held up. Intention was to release this information Feb. 14 (See WB Letter for Feb. 9 and Jan. 31).

SUGGESTED READING: Expansion Aid for Dairy Co-op Approved; Revised basis for 1942 acreage goals. (Both releases mailed Feb. 17.) Also USDA Farm Commodity Buying Over \$89,000,000 in January. (Attached)

FURTHER AND MORE DEFINITE developments in the program for conservation of used bags and other containers are being worked out. Look for announcement soon. Expected to be similar in nature to metal and paper salvage programs now in operation. SMA Marketing Division, handling this program at request of OADR, also is canvassing re-weavers of jute patterns for wrapping cotton bales to discover whether they need assistance in securing shipping priorities on importation of jute butts necessary in the manufacture of re-woven patterns. Officials warn that entire container problem is acute.